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**DIVISION OF
OIL AND GAS**

BADAMI UNIT

REQUEST FOR EXPANSION OF THE UNIT AREA

AND

MODIFICATION OF THE PLAN OF EXPLORATION

SAVANT ALASKA, LLC

NOVEMBER 16, 2012

Discussion

In accordance with the requirements of Alaska Administrative Code 11 AAC 83.303, .341, and .356, Savant Alaska, LLC ("Savant") submits this application for expansion of the Badami Unit. Evaluation and interpretation of geological, geophysical, engineering, and well data for the additional lease areas has substantiated Savant's and the Parties' (ASRC Exploration, LLC, and AVCG) position that expansion is an appropriate decision and is in the state's best interest.

Savant proposes to include six State of Alaska leases currently held by AVCG located to the north and east of the Unit, specifically, leases ADL 390825, 391284, 391285, 391001, 391376, and 391378. These leases represent six of the nine leases that are currently under application by Brooks Range Petroleum Company ("BRPC") on behalf of AVCG and working interest owners to form the Telemark Unit. Additionally, Savant proposes to include State of Alaska lease ADL 391431 held by Savant on the southeastern boundary of the Unit.

The Badami Unit area currently encompasses approximately 23,580.74 acres. The expansion would increase the unit size by an additional 10,121.33 acres; the new Badami Unit area would cover a total of 33,702.07 acres. Exhibit A details the lease legal descriptions of the Badami Unit and the proposed expansion area, and Exhibit B illustrates the Badami Unit area map with the proposed expansion area; both are included with this application.

Unit expansion yields a number of benefits to the State of Alaska and to the overall infrastructure footprint on the North Slope. As mentioned above, BRPC has submitted an application to form the Telemark Unit. BRPC's anticipated activity within the new unit would require roads, pads, facilities, and significant use of state and federal systems for securing permits to explore, develop, and tie-in so that self-sustained production could be achieved from the new unit. Leases to the northeast in the proposed unit do not have infrastructure and are currently expired, yet are held by the Telemark Unit application. These certain leases would be released and available for leasing in the next Areawide lease sale.

The seven leases proposed for incorporation into the Badami Unit are located close to existing infrastructure. Savant believes the expansion of the Badami Unit to include the leases that connect subsurface potential and surface infrastructure is in the state's best interest for development of the hydrocarbon potential within this proposed Unit area. Drilling targets could be reached more easily and development could occur more efficiently and safely with less environmental impact on the area. The increased production to be realized from this expanded Unit, and the resultant oil and gas volumes to be delivered

through existing Unit pipelines and facilities will help to meet the state's objective of raising output through Trans Alaska Pipeline System, and will result in a smaller footprint and increased production potential.

In support of the Badami Unit Expansion Application dated November 16, 2012, SALLC proposes to drill or cause to be drilled an exploration test of the equivalent hydrocarbon bearing Killian sand interval encountered in the East Mikkelsen Bay # 1 well located outside of the current Badami Unit boundary but within the proposed expansion area for the Badami Unit. The well would be directionally drilled during the 2013-2014 winter ice road season. Further details regarding this exploration prospect are detailed in Exhibit G – Plan of Exploration attached hereto.